

**POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY
TRANSACTIONS (W.e.f April, 2020)**

Scope:

Related party transactions (“RPT”) can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed thereunder and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), ECS Biztech Limited (“the Company”) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions. Further, Regulation 23 of Listing Regulations requires a Company to formulate a policy on materiality of related party transactions and dealing with related party transactions. In light of the above, the Company has framed this Policy on Related party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. This Policy regulates all transactions between the Company and its Related Parties. The Audit Committee will review the Policy periodically and may amend the same from time to time and propose the same to the Board for approval.

1. OBJECTIVE

- 1.1. Company is committed to upholding high standards of corporate governance and recognizes that any transactions with parties which are related to the Board members or Senior Management can present a risk of actual or apparent conflicts of interest.
- 1.2. Taking this into consideration, objective of this Policy is to lay down requisite process framework and approval mechanism for dealing with material related party transactions.

2. DEFINITIONS

For this Policy, following terms shall have the meanings ascribed to them as under:

- 2.1. “Act” means Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- 2.2. “Arm’s length basis” means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.
- 2.3. “Board” means Board of Directors of the Company.
- 2.4. “Company” means ECS Biztech Limited
- 2.5. “Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and takeovers) Regulations, 2011.
- 2.6. “Key Managerial Personnel” (KMP) means the Key Managerial Personnel of the company in terms of the Act
- 2.7. “Listing Regulations” means the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.
- 2.8. “Material Related Party Transactions” means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover as per the last audited financial statements of the Company and transactions involving payments to a related party with respect to brand usage or royalty if the transaction(s) to be entered

into individually or taken together with previous transactions during a financial year, exceed 2% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

2.9. “Related Party” means a Related Party as defined under the Act read with the Listing Regulations or under applicable Accounting Standards.

2.10. “Related Party transactions (RPTs)” means transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged and a

2.11. “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract.

2.12. “Relatives” means a relative as defined under the Act.

2.13. “Subsidiary” means subsidiary as defined under the Act

3. Procedure Of dealing with RPTs

Disclosure by Directors:

Every Director shall at the beginning of the financial year provide information by way of written notice to the Company regarding his / her concern or interest in the entity with specific concern to parties which may be considered as related party with respect to the Company and shall also provide the list of relatives which are regarded as related party as per this policy. Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this policy.

4. Review and approval mechanism of Related Party Transaction:

A. Audit Committee

1. All the transactions which are identified as related party transactions should be pre-approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the related party transactions for its approval.

2. Any member of the Committee who has a potential interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the related party transaction. A related party transaction which is (i) not in the ordinary course of business, or (ii) not at arm’s length price, would require approval of the Board of Directors or of shareholders as discussed subsequently.

3. The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature, subject to such conditions as mentioned in Regulation 23 of SEBI (LODR) Regulations, 2015 and subject to such other conditions as it may consider necessary in line with this policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

4. Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a related party transaction, the Committee has authority to modify or waive any procedural requirements of this policy.

5. A related party transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Committee, will be placed before the Committee for ratification.

B. Board of Directors

In case any related party transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the related party transaction.

C. Shareholders

If a related party transaction is (i) a material transaction or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require shareholders' approval by a special resolution. In such a case, any member of the Company who is a related party shall not vote on resolution passed for approving such related party transaction.

D. Reporting of related party transactions

Every contract or arrangement, which is required to be approved by the Board/shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement

E. Transactions which do not require approval

Notwithstanding the foregoing, the following RPTs shall not require any approval.

- a) Any transaction involving the providing of compensation to a director or Key Managerial Personnel in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- b) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
- c) Transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated with the company's accounts and placed before the shareholders at the general meeting for approval.

Limitation and Amendment

In the event of any conflict between the provisions of this Policy and of the Act or SEBI (LODR) Regulations, 2015 or any other statutory enactments, rules, the provisions of such Act or SEBI (LODR) Regulations, 2015 or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the SEBI (LODR) Regulations, 2015, Act and/or applicable laws in this regard shall automatically apply to this Policy.